

AMENDED IN ASSEMBLY JULY 1, 2014  
AMENDED IN ASSEMBLY JUNE 18, 2014  
AMENDED IN SENATE MAY 16, 2013  
AMENDED IN SENATE MAY 7, 2013  
AMENDED IN SENATE APRIL 24, 2013  
AMENDED IN SENATE APRIL 1, 2013

**SENATE BILL**

**No. 52**

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**Introduced by Senators Leno and Hill**  
**(Principal coauthors: Senators Correa and DeSaulnier)**  
(Principal coauthor: Assembly Member Fong)  
**(Coauthors: Senators Block, Hancock, and Wolk)**  
(Coauthors: Assembly Members Ammiano, Buchanan, and Wieckowski)

December 20, 2012

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An act to amend Sections 84505, 84506, and 84508 of, to add Sections 84503.1, 84503.2, 84503.3, 84503.4, and 84503.5 to, to repeal Sections 84502 and 84504 of, and to repeal and add Sections 84501, 84502, and 84503 of, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 52, as amended, Leno. Political Reform Act of 1974: campaign disclosures.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign

committees. Existing law additionally imposes disclosure statement requirements with respect to advertisements supporting or opposing a candidate or ballot measure paid for by donors making contributions of specified amounts or by independent expenditures and defines several terms and phrases for these purposes. Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to criminal penalties.

This bill would repeal and recast several definitions. The bill would repeal a committee identification requirement and a disclosure statement requirement relating to advertisements for or against any ballot measure paid for by a committee. The bill would impose new disclosure statement requirements for political advertisements regarding a ballot measure that are radio advertisements, prerecorded telephonic messages, television or video advertisements, or mass mailing or print advertisements that would require the identification of identifiable contributors, ballot measures, and other funding details, as specified. By introducing new disclosure requirements, the violation of which would be a misdemeanor, the bill would create a new crime, thereby imposing a state-mandated local program.

Existing law creates the Fair Political Practices Commission, and gives it primary responsibility for the impartial, effective administration and implementation of the Political Reform Act of 1974.

The bill would require the Fair Political Practices Commission to promulgate regulations related to the reporting and tracking of funds transferred by an identifiable contributor to committees and persons by January 1, 2016. The bill would authorize the Commission to promulgate regulations to require disclosures on all forms of advertisements regarding ballot measures not covered by the act, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a  $\frac{2}{3}$  vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

SECTION 1. This act shall be known as the California Disclose Act.

SEC. 2. The Legislature finds and declares all of the following:

(a) Ever-increasing amounts of funds are raised and spent in support of and opposition to state and local ballot measures, especially in the form of advertisements. The outcomes of such elections are disproportionately impacted by ~~whichever side is able to raise and spend the most money to advance its position~~ *campaign expenditures in support of and opposition to those measures.*

(b) Ever-increasing amounts of funds are spent on campaigns by persons who do one or more of the following:

(1) Frequently use their wealth to fund local and state ballot measures designed to advance their own economic interests.

(2) Increasingly avoid having their identities disclosed in election-related advertisements by channeling funds through one or more persons before those funds are received by a committee, thereby undermining the purpose and intent of laws requiring disclosure on such advertisements.

(3) Spend extraordinary amounts of money running election-related advertisements while hiding behind dubious and misleading names, including, but not limited to, advertisements by primarily formed committees and general purpose committees.

(4) Increasingly evade disclosure by funding advertisements designed to persuade voters without expressly advocating support or opposition.

(c) The activities described in subdivision (b) cause the public to become increasingly disaffected with the democratic process, discouraging participation in elections and coloring public perceptions of the legitimacy and integrity of state and local government.

(d) The people of California and their government officials have a compelling interest in knowing the true and original source of committee funding and receiving clear information identifying the largest original contributors responsible for political advertisements funded by such committees.

(e) The disclosure of original contributors on advertisements serves the following important governmental and societal purposes:

1 (1) Providing the people and government officials current and  
2 easily accessible information regarding who is funding  
3 advertisements that are intended to influence their votes on ballot  
4 measures.

5 (2) Enabling the people and government officials to identify  
6 potential bias in advertisements to assist them in making more  
7 informed decisions and giving proper weight to different speakers  
8 and messages.

9 (3) Deterring actual corruption and avoiding the appearance of  
10 corruption by providing increased transparency of contributions  
11 and expenditures.

12 (4) Improving the people's confidence in the democratic process  
13 and increasing their motivation to actively participate in that  
14 process by regular voting and other forms of civic engagement.

15 (5) Promoting compliance with and detecting violations of the  
16 Political Reform Act of 1974 (Title 9 (commencing with Section  
17 81000) of the Government Code), while also addressing the  
18 problems and advancing the state interests described in that act.

19 SEC. 3. Section 84501 of the Government Code is repealed.

20 SEC. 4. Section 84501 is added to the Government Code, to  
21 read:

22 84501. For purposes of this article, the following terms have  
23 the following meanings:

24 (a) (1) "Advertisement" means any general or public  
25 communication that is either of the following:

26 (A) Authorized and paid for by a committee for the purpose of  
27 supporting or opposing a candidate for elective office.

28 (B) A ballot measure advocacy communication supporting or  
29 opposing the qualification, passage, or defeat of a ballot measure.

30 (2) "Advertisement" does not include any of the following:

31 (A) A communication from an organization, other than a  
32 political party, to its members.

33 (B) A campaign button smaller than 10 inches in diameter; a  
34 bumper sticker smaller than 60 square inches; or a small tangible  
35 promotional item, including, but not limited to, a pen, pin, or key  
36 chain, upon which the disclosures required by this article cannot  
37 be conveniently printed or displayed.

38 (C) Clothing apparel.

39 (D) Sky writing.

1 (E) An electronic media communication, if inclusion of the  
2 disclosures required by this article is impracticable or would  
3 severely interfere with the committee's ability to convey the  
4 intended message because of the nature of the technology used to  
5 make the communication.

6 (F) Any other communication as determined by regulations of  
7 the Commission.

8 (b) "Cumulative contributions" means the cumulative amount  
9 of contributions received by a committee beginning 12 months  
10 prior to the date the committee made its first expenditure for the  
11 purpose of supporting or opposing a candidate for elective office  
12 or for the purpose of qualification, passage, or defeat of a ballot  
13 measure, and ending seven days before the time the advertisement  
14 is disseminated or broadcast.

15 (c) "Identifiable contributor" means a person that is the original  
16 source of funds for contributions received by a committee that  
17 cumulatively total fifty thousand dollars (\$50,000) or more,  
18 notwithstanding the fact that the contributions were transferred,  
19 in whole or in part, through one or more other committees or  
20 persons.

21 SEC. 5. Section 84502 of the Government Code is repealed.

22 SEC. 6. Section 84502 is added to the Government Code, to  
23 read:

24 84502. On or before January 1, 2016, the Commission shall  
25 promulgate regulations, in furtherance of the purposes of this  
26 article, related to the reporting and tracking of funds transferred  
27 by an identifiable contributor to committees and other persons.

28 SEC. 7. Section 84503 of the Government Code is repealed.

29 SEC. 8. Section 84503 is added to the Government Code, to  
30 read:

31 84503. (a) An advertisement regarding a ballot measure,  
32 disseminated by a political party or candidate-controlled committee,  
33 that is a radio advertisement or prerecorded telephonic message  
34 shall include a disclosure statement at the beginning or end of the  
35 advertisement read in a clearly spoken manner and in a pitch and  
36 tone substantially similar to the rest of the advertisement that reads  
37 as follows: "Paid for by [name of the committee that paid for the  
38 advertisement]."

39 (b) (1) An advertisement regarding a ballot measure,  
40 disseminated by a committee other than a political party or

1 candidate-controlled committee, that is a radio advertisement or  
2 prerecorded telephonic message shall include a disclosure statement  
3 at the beginning or end of the advertisement read in a clearly  
4 spoken manner and in a pitch and tone substantially similar to the  
5 rest of the advertisement that reads as follows: “This ad has major  
6 funding from [state names in descending order of identifiable  
7 contributors who have made the two largest cumulative  
8 contributions to the committee that paid for the advertisement].  
9 Paid for by [name of the committee that paid for the  
10 advertisement].”

11 (2) If there is only one identifiable contributor or the  
12 advertisement lasts 15 seconds or less, the disclosure statement  
13 required by paragraph (1) shall be adjusted to read as follows:  
14 “This ad has major funding from [state name of identifiable  
15 contributor who made the largest cumulative contributions to the  
16 committee that paid for the advertisement]. Paid for by [name of  
17 the committee that paid for the advertisement].”

18 (3) If there are no identifiable contributors to the committee that  
19 paid for the advertisement, the advertisement may replace the  
20 disclosure statement required by paragraph (1) with the following:  
21 “Paid for by [name of the committee that paid for the  
22 advertisement].”

23 (4) If the content of the advertisement names each of the  
24 identifiable contributors required to be named pursuant to  
25 paragraphs (1) and (2) as top funders of the advertisement, it may  
26 replace the disclosure statement required by paragraph (1) with  
27 the following: “Paid for by [name of the committee that paid for  
28 the advertisement].”

29 SEC. 9. Section 84503.1 is added to the Government Code, to  
30 read:

31 84503.1. (a) An advertisement regarding a ballot measure,  
32 disseminated by a political party or candidate-controlled committee,  
33 that is a television or video advertisement shall include a disclosure  
34 area with a solid black background on the entire bottom one-third  
35 of the television or video display screen at the beginning or end  
36 of the advertisement for a minimum of five seconds in the case of  
37 an advertisement that lasts 30 seconds or less or a minimum of 10  
38 seconds in the case of an advertisement that lasts longer than 30  
39 seconds. The disclosure area shall include the following text: “Paid  
40 for by [name of the committee that paid for the advertisement].”

1 The text shall be in a contrasting color in Arial Narrow equivalent  
2 type, and the type size shall be at least 4 percent of the height of  
3 the television or video display screen and shall be centered  
4 horizontally.

5 (b) An advertisement regarding a ballot measure, disseminated  
6 by a committee other than a political party or candidate-controlled  
7 committee, that is a television or video advertisement shall include  
8 a disclosure area with a solid black background on the entire  
9 bottom one-third of the television or video display screen at the  
10 beginning or end of the advertisement for a minimum of five  
11 seconds in the case of an advertisement that lasts 30 seconds or  
12 less or a minimum of 10 seconds in the case of an advertisement  
13 that lasts longer than 30 seconds. The disclosure area shall include  
14 all of the following:

15 (1) The text “Ad Paid for by a Committee whose Top Funders  
16 are:”. The text shall be located at the top of the disclosure area and  
17 centered horizontally, shall be in a contrasting color in Arial  
18 Narrow equivalent type, and the type size shall be at least 4 percent  
19 of the height of the television or video display screen.

20 (2) Immediately below the text described in paragraph (1), the  
21 names of the identifiable contributors who have made the three  
22 largest cumulative contributions to the committee that paid for the  
23 advertisement. The identifiable contributors shall each be disclosed  
24 on a separate horizontal line, in descending order, beginning with  
25 the identifiable contributor who made the largest cumulative  
26 contributions on the first line. The name of each of the identifiable  
27 contributors shall be centered horizontally in the disclosure area.  
28 The text shall be in a contrasting color in Arial Narrow equivalent  
29 type, and the type size shall be at least 4 percent of the height of  
30 the television or video display screen.

31 (3) The text “Funding Details At [insert Commission Internet  
32 Web site address with information required to be posted pursuant  
33 to Section 84223].” The text shall be in a contrasting color in Arial  
34 Narrow equivalent type, and the type size shall be at least 2.5  
35 percent of the height of the television or video display screen. The  
36 text shall be right-aligned and located in a position that is at least  
37 2.5 percent of the height of the television or video display screen  
38 away from the bottom right of the television or video display  
39 screen.

(4) The text “Paid for by [name of the committee that paid for the advertisement].” The text shall be in a contrasting color in Arial Narrow equivalent type, and the type size shall be at least 4 percent of the height of the television or video display screen. The text shall be left-aligned and located in a position that is vertically at least 2 percent of the height of the television or video display screen away from the bottom left of the television or video display screen.

(5) If there are fewer than three identifiable contributors to the committee that paid for the advertisement, the disclosure statement required by this subdivision shall be adjusted accordingly to disclose only those that qualify as identifiable contributors, if any. If the committee does not have any identifiable contributors, the text required by paragraph (1) shall be adjusted to read “Ad Paid for by” and the name of the committee shall be printed immediately below it, centered horizontally. The text shall be in a contrasting color in Arial Narrow equivalent type, and the type size shall be at least 4 percent of the height of the television or video display screen.

SEC. 10. Section 84503.2 is added to the Government Code, to read:

84503.2. (a) An advertisement regarding a ballot measure, disseminated by a political party or candidate-controlled committee, that is a mass mailing or a print advertisement designed to be distributed personally shall include a disclosure area on the outside display surface of the mass mailing or print advertisement that reads as follows: “Paid for by [name of the committee that paid for the advertisement].” The text shall be in an Arial Narrow equivalent type with a type size of at least 10-point in a color or print that contrasts with the background so that it is easily read.

(b) An advertisement regarding a ballot measure, disseminated by a committee other than a political party or candidate-controlled committee, that is a mass mailing or a print advertisement designed to be distributed personally shall include a disclosure area on the largest page of the mass mailing or print advertisement that satisfies all of the following requirements:

(1) The disclosure area shall have a solid white background so as to be easily legible, and shall be in a printed or drawn box on the bottom of the page that is set apart from any other printed matter. All text in the disclosure area shall be black in color. The

1 text in the disclosure area shall be written in the same direction as  
2 the text or graphics on the majority of the page that has the  
3 disclosure.

4 (2) The text “Ad Paid for by a Committee whose Top Funders  
5 are” shall be located at the top of the disclosure area and centered  
6 horizontally in the disclosure area. The text shall be in an Arial  
7 Narrow equivalent type with a type size of at least 12-point for  
8 advertisements smaller than 93 square inches and at least 14-point  
9 for advertisements that are equal to, or larger than, 93 square  
10 inches.

11 (3) Immediately below the text described in paragraph (2) shall  
12 be the names of the identifiable contributors who have made the  
13 three largest cumulative contributions to the committee that paid  
14 for the advertisement. The identifiable contributors shall each be  
15 disclosed on a separate horizontal line, in descending order,  
16 beginning with the identifiable contributor who made the largest  
17 cumulative contributions on the first line. The name of each of the  
18 identifiable contributors shall be centered horizontally in the  
19 disclosure area. The text shall identify each identifiable contributor  
20 in an Arial Narrow equivalent type with a type size of at least  
21 10-point for advertisements smaller than 93 square inches and at  
22 least 12-point for advertisements that are equal to, or larger than,  
23 93 square inches.

24 (A) If the advertisement is four inches tall or less, it need only  
25 show the names of the identifiable contributors who have made  
26 the two largest cumulative contributions.

27 (B) If the advertisement is three inches tall or less, it need only  
28 show the name of the identifiable contributor who made the largest  
29 cumulative contributions, and the text required by paragraph (2)  
30 shall read “Ad Paid for by a Committee whose Top Funder is.”

31 (4) Immediately below the text described in paragraph (3), the  
32 text “Funding Details At [insert Commission Internet Web site  
33 address with information required to be posted pursuant to Section  
34 84223].” The text shall be in an Arial Narrow equivalent type with  
35 at least 10-point type size for advertisements smaller than 93 square  
36 inches and at least 12-point type size for advertisements that are  
37 equal to, or larger than, 93 square inches. This text shall not be  
38 required if the advertisement is five inches tall or less.

39 (5) The text “Paid for by [name of the committee that paid for  
40 the advertisement]” shall be located at the bottom of the disclosure

1 area and shall be in an Arial Narrow equivalent type with at least  
2 8-point type size for pages smaller than ~~8.5~~ 93 *square* inches and  
3 at least 10-point type size for pages that are equal to, or larger than,  
4 ~~8.5 inches by 11~~ 93 *square* inches.

5 (6) If there are fewer than three identifiable contributors to the  
6 committee that paid for the advertisement, the disclosure shall be  
7 adjusted accordingly to disclose the qualifying identifiable  
8 contributors, if any. If the committee does not have any identifiable  
9 contributors, the disclosures described in paragraphs (2) and (3)  
10 are not required.

11 SEC. 11. Section 84503.3 is added to the Government Code,  
12 to read:

13 84503.3. The Commission may promulgate regulations to  
14 require disclosures on all forms of advertisements regarding ballot  
15 measures not covered by this article, including, but not limited to,  
16 electronic media advertisements and billboards. If feasible, the  
17 regulations shall require the listing of the name of the committee  
18 and as many of the three identifiable contributors that made the  
19 largest cumulative contributions as possible in a conspicuous  
20 manner, unless the committee that paid for the advertisement is a  
21 political party or candidate-controlled committee, in which case  
22 only the name of the committee must be shown. This disclosure  
23 area shall occupy no more than 10 percent of the advertisement.

24 SEC. 12. Section 84503.4 is added to the Government Code,  
25 to read:

26 84503.4. (a) The disclosure of the name of an identifiable  
27 contributor required by this article need not include such legal  
28 terms as “incorporated,” “committee,” “political action committee,”  
29 or “corporation,” or their abbreviations, unless the term is part of  
30 the contributor’s name in common usage or parlance.

31 (b) If this article requires the disclosure of the name of an  
32 identifiable contributor that is a sponsored committee that has a  
33 single sponsor, only the name of the committee’s sponsoring  
34 organization shall be disclosed.

35 (c) If the identifiable contributor is the parent of a subsidiary  
36 corporation whose economic interest is more directly impacted  
37 than the parent by a measure that is the subject of the  
38 advertisement, then the subsidiary’s name shall be disclosed.  
39 Disclosure of the parent’s name is optional, but shall not replace

1 the required disclosure of other identifiable contributors otherwise  
2 required by this article.

3 (d) All disclosure text required by this article shall be displayed  
4 in the capitalization shown in this article, such as “Ad Paid for by  
5 a Committee whose Top Funders are”. Names of identifiable  
6 contributors and committees shall be displayed in title capitalization  
7 (e.g. “John Smith”), except for names that are acronyms (e.g.  
8 “ACME Hunting Supplies”).

9 SEC. 13. Section 84503.5 is added to the Government Code,  
10 to read:

11 84503.5. If the order of the identifiable contributors required  
12 to be displayed in an advertisement pursuant to this article changes,  
13 the disclosure in the advertisement shall be updated as follows:

14 (a) A television, radio, or other electronic media advertisement  
15 shall be updated to reflect the new ordering of identifiable  
16 contributors within seven business days, or five business days if  
17 the change in the order of identifiable contributors occurs within  
18 30 days of an election.

19 (b) A print media advertisement, including non-electronic  
20 billboards, shall be updated to reflect the new ordering of  
21 identifiable contributors prior to placing a new or modified order  
22 for additional printing of the advertisement.

23 SEC. 14. Section 84504 of the Government Code is repealed.

24 SEC. 15. Section 84505 of the Government Code is amended  
25 to read:

26 84505. In addition to the requirements of Sections 84503,  
27 84503.1, 84503.2, and 84503.3, the committee paying for an  
28 advertisement or persons acting in concert with that committee  
29 shall be prohibited from creating or using a noncandidate-controlled  
30 committee or a nonsponsored committee to avoid, or that results  
31 in the avoidance of, the disclosure of any individual, industry,  
32 business entity, controlled committee, or sponsored committee as  
33 a major funding source.

34 SEC. 16. Section 84506 of the Government Code is amended  
35 to read:

36 84506. (a) An advertisement supporting or opposing a  
37 candidate, that is paid for by an independent expenditure, shall  
38 include a disclosure statement that identifies both of the following:

39 (1) The name of the committee making the independent  
40 expenditure.

(2) The names of the persons from whom the committee making the independent expenditure has received its two highest cumulative contributions of fifty thousand dollars (\$50,000) or more during the 12-month period prior to the expenditure. If the committee can show, on the basis that contributions are spent in the order they are received, that contributions received from the two highest contributors have been used for expenditures unrelated to the candidate or ballot measure featured in the communication, the committee shall disclose the contributors making the next largest cumulative contributions of fifty thousand dollars (\$50,000) or more.

(b) If an acronym is used to identify any committee names required by this section, the names of any sponsoring organization of the committee shall be printed on print advertisements or spoken in broadcast advertisements.

SEC. 17. Section 84508 of the Government Code is amended to read:

84508. If disclosure of two major donors is required by Section 84506, the committee shall be required to disclose, in addition to the committee name, only its highest major contributor in any advertisement which is:

- (a) An electronic broadcast of 15 seconds or less, or
- (b) A newspaper, magazine, or other public print media advertisement which is 20 square inches or less.

SEC. 18. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 19. The Legislature finds and declares that this bill furthers the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.